Energy Efficiency Planning Process in New England States

Compiled January 12, 2020

The following table summarizes how each New England state approaches the energy efficiency planning process, including the three-year and annual planning process, performance incentive structure, budget process and flexibility, cost-effectiveness tests, and incorporation of evaluation results and updated avoided costs.

State	Three-year Plan Cycle and Process	Goal Term and Performance Incentives	Annual Plan Process	Budget Process and Flexibility	Evaluation Results	Cost Effectiveness and Avoided Costs
CT	3-year (2019-2021) Detailed 3-year planning process updated to reflect annual results.	Performance incentives based on 1-year goals paid annually. Primary metrics are sector-level benefits and net benefits targets established at the sector level. There are also secondary metrics that are typically tied to program specific objectives.	November 1 filing containing updated text and table with text specific to changes from Three-year Plan. Subsequent March 1st update of Plan tables to provide budget true up from the previous year, though savings are typically also changed as a result.	Initial Three-year Plan budgets adjusted annually as part of Annual Plan update and then again based on prior year actuals on March 1st. Budget variances can be carried over from year to year, with strict limit at the end of 3 years.	Evaluation results are applied prospectively for planning purposes and incorporated into annually updated Program Support Document (PSD).	Modified Utility Cost Test and Total Resource Cost Test for low-income program.
MA	3-year (2019-2021) Detailed 3-year planning process with seldom used "mid-term modification" (MTM) filings when a program is anticipated to be 20% over or under relative to 3-year budget or savings targets.	Performance incentives are set for the three-year plan period and paid annually, with a reconciliation following savings verification. Goals include a value component based on net benefits, lifetime kWh, therm, and MMBtu savings, and peak kW reduction from both passive and active DR.	No annual plan or update process. Prior year results are reported out annually.	Limited changes on an annual basis. Budget variances can be carried over from year to year, with strict limit at the end of 3 years. Changes in program level budgets of +/-20% require the filing of a MTM. MA has a high level of program aggregation (e.g., there are only two Residential programs), which limits the frequency of MTM filings.	Evaluation results agreed to by March 1 are applied retrospectively for prior year annual report. However, all NTG values are locked in for full 3-year plan.	Modified TRC; includes significant non-resource benefits. AESC study results are incorporated into the 3-year plan.

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ME	3-year (2020-2022). Detailed Triennial Plan sets goals and budgets. This has historically been an adjudicatory process with the Maine PUC, but currently is less rigorous. There is a stakeholder process with more key factors locked down (e.g., discount rate, net-to-gross factors, avoided costs, etc.) to reduce the need for a contested case.	No performance incentives offered. Aspirational goals are established (e.g., weatherizing homes, peak reductions, number of heat pumps, etc.) but are not connected to any funding incentives.	Annual update process with course corrections and an opportunity to update and adjust as needed over the course of the year. Key dates: fiscal year July 1 – June 30; audit to State by Oct. 1; annual report to Legislature by Dec. 1; March 1 filing for annual updates. Annual update is used to set the SBC assessment value for the following year. New programs are added on the Triennial Plan cycle.	EMT's Board can make adjustments within certain statutory and regulatory constraints. Statutory budget limits exist on electric/gas allocations, low income and small business. PUC regulatory constraints exist for electric, natural gas, RGGI, FCM funding.	EMT-administered evaluation on all programs occur regularly. EMT oversees all evaluations, which are then reviewed by EMT Board and filed with the PUC. Evaluation results are used to update TRM on quarterly basis. Programs that are not cost-effective are dropped.	Modified Total Resource Cost Test, called the Maine "Primary Benefit Cost Test." Maine-specific rules include a specified discount rate with retail adder. Maine now uses the regional Avoided Energy Supply Costs (AESC).
NH	3-year (2021-2023). Detailed 3-year Energy Efficiency Resource Standard (EERS) Plan sets goals and budgets.	Performance targets paid annually based on annual performance goals. Through 2019, PIs have been based on lifetime kWh or MMBtu (natural gas) savings and benefit-cost ratio. Starting in 2020, NH is shifting to a new PI structure based on lifetime kWh or MMBtu savings, annual kWh or MMBtu savings, peak demand savings, and value (actual vs. planned net benefits).	Detailed annual plan with adjudicative process to set budgets and performance targets. Interest in streamlining the process for the 2021-2023 period. Quarterly reports but no annual report.	Annual budgets, without ability to shift funds across years within the 3-year plan.	Evaluation results applied prospectively for planning purposes and incorporated into annual updates.	NH currently uses the TRC Test but is moving to a new test, the Granite State Test, as the primary test, with two secondary tests, for the 2021-2023 period. The Granite State Test is a modified UCT that excludes participant costs and benefits but includes some other impacts (resource, low-income participant).

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RI	3-year (2021-2023) The triennial plan establishes overarching strategy, including savings targets and budgets, for the 3-year period to guide development of more detailed annual EE plans.	Performance incentives are based on 1-year goals and paid annually. Goals are based on annual kWh and therm savings and peak kW reduction.	Detailed annual EE plan filed each year, based on 3-year goals. In the first year of a 3-year plan, 3-year plan is filed Sept.1 and annual plan Nov.1. In the second and third years, annual filing date is Oct. 15.	Detailed annual budget developed based on 3-year goals. Annual savings and budgets are binding; 3-year plan budgets are not. Budget and savings adjustments can happen each subsequent year. Budget variances can be carried over from year to year, with strict limit at the end of 3 years.	Savings are locked in annually. Evaluations inform subsequent plans, but retroactive changes are not made.	The Rhode Island Benefit Cost Test (the RI Test), is a variation of TRC Test. Benefits include resource impacts, non-energy impacts, distribution system impacts (including improved reliability), DRIPE, economic development impacts, and the value of GHG reduction.
VT	Efficiency Vermont has historically been on a 3-year cycle. VT is now moving to two 3-year cycles (2021-2023, 2024-2026). Demand Resource Planning (DRP) process to develop the two 3-year plans, plus 10-year forecasts of budgets and savings for Thermal Efficiency and Process Fuel (TEPF) portfolio] and 20-year forecasts for electric portfolio. The full DRP process is a contested case. If parties agree, then planning process for the 2024-2026 period may be streamlined.	Efficiency Vermont has proposed Quantifiable Performance Indicator (QPI) goals for the two 3-year periods, with performance incentives paid at the end of each 3-year period. Efficiency Vermont has a multivariate PI model that includes first-year electric and MMBtu savings, peak demand reduction, total resource benefits (TRB). For 2021-2023, Efficiency Vermont is proposing new QPIs for GHG reduction and flexible KW installed.	Triennial plan updates are filed annually by Nov. 1 to make minor updates to program plans within two 3-year cycles. Annual plan updates are narrative only; no modeling of savings and spending unless thresholds are triggered for major changes. Efficiency Vermont notifies its regulator, the VT Dept. of Public Service (DPS) of all program changes through quarterly reports. DPS can request further analysis and can adjust QPIs if a threshold is triggered. Annual reports are a summary of the quarterly reports.	Two 3-year budgets with annual budget allotments. Separate budgets for Resource Acquisition, Development and Support Services, operations fees, and performance award. Total 3-year budget amount is fixed, but annual allocations can change. Annual electric carryover beyond 5% requires PUC approval. EVT can also borrow funds from future years within the 3-year period. Financial penalties are incurred at the end each 3-year cycle for overspending.[1]	Savings claims are submitted by April 1 and verified by August. Adjustments apply retrospectively for the previous year. Evaluation results with greater than 5% impact on any QPI lead to recalculation of the QPI. VT does not undertake many NTG studies, generally relying on studies from other states.	Societal Test is the primary test for measures and projects. It includes environmental externalities (carbon at $100/ton), NEB adder of 15%, low-income adder of 15%, and a risk discount of 10% on costs.[2] There is also a minimum requirement for the electric portfolio that is essentially a UCT (gross electric benefits compared to program costs). VT applies avoided cost changes prospectively for the next year based on AESC results.[3]

[1] Efficiency Vermont is proposing that 50% of budget savings can be awarded annually to the administrator if annual performance results are achieved.
[2] The risk discount has been in place since 1991. All costs are currently discounted by 10% to account for the reduced risk of demand-side vs. supply-side resources. DPS has proposed changing this to 5% for electric measures starting in the 2021-2023 period.
[3] Efficiency Vermont adjusts the TRB QPI based on the updated avoided costs; this involves rerunning part of the DRP model.